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THE PORTION OF THE RATIO THAT AFFECTS PROFITABILITY

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A B S T R A C T

IC is considered a strategic aspect that is able to lead the company to gain and maintain a sustainable competitive advantage, therefore the measurement of intellectual capital performance allows the company to monitor which parts need to be improved in the IC aspect, with the aim of the company being able to generate greater profits in the future. This study aims to determine the effect of Intellectual Capital, Profit Sharing Ratio, Zakat Performance Ratio and Equitable Distribution Ratio on Profitability at BPR Syariah East Java Province. The type of research used in this research is descriptive research with a quantitative approach. The population used in this study were all Sharia Rural Banks (BPRS) of East Java Province which were recorded in the Financial Services Authority (OJK) for the selected period 2015-2018 with a population of 26 banks. The sample in this study was 15 banks which were selected by purposive sampling. This study concludes that the ratio of Profit Sharing Ratio and Equitable Distribution Ratio has no effect on profitability. Except Intellectual Capital and Zakat Performance Ratio have a significant effect on ROE.

Keywords: Intellectual Capital, Profitability, Ratio, Zakat

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INTRODUCTION

Banking performance in the modern era is not only measured from the financial aspect, but also from non-financial aspects, such as; corporate governance, intangible assets s, Economic Value Added (EVA), and other performance measures (Ulum, 2013). In banking entities, management responsibility is not only seen from certain ratios and accounting disclosures but also takes into account non-financial aspects, one of which is disclosure and application. intellectual capital (IC) (Ulum, 2013). Importance of aspects of intellectual capital for companies making this topic interesting to research today, especially related to the contribution of IC in driving company performance (Ulum, 2013). IC performance measurement in many studies focuses on measures of performance of intangible assets (intangible assets) as; goodwill, acquisition costs, patents, trademark, and royalty. This is because IC is considered a strategic aspect capable of leading companies to gain and maintain a competitive advantage sustainable (Wang and Chang, 2005). Hence, performance measurement intellectual capital making the company able to monitor which parts need to be improved in the IC aspect, with the aim of the company being able to generate greater profits in the future (Kamukama, Ahiauzu, & Ntayi, 2011).

The relationship between intellectual capital the financial performance has been proven empirically by (Ulum, 2013) showing that there is a positive effect of IC (VAIC ™) on the company's financial performance; IC (VAIC ™) also has a positive effect on the company's future financial performance; and that the growth rate of IC (the rate of growth of a company's IC - ROGIC) does not affect the company's future financial performance. Furthermore, Pratiwi (2014) shows that the independent variable IC (Human Capital Efficiency (HCE), Capital Employed Efficiency (CEE), and Structural Capital Efficiency (SCE) together affect ROA and ROE. Meanwhile, partially for model 1, only HCE has a positive effect on ROA. Whereas for model 2 only HCE and CEE have a positive effect on ROE. Meanwhile (Hermawan & Mardiyanti, 2016) shows that Intellectual Capital (VAIC) affects the company's financial performance Return on Asset (ROA), Return on Equity (ROE), Earnings per Share (EPS). Meanwhile, the research results (Maditinos, Chatzoudes, Tsairidis, & Theriou, 2011) examined the relationship between Intellectual Capital about market value and financial performance of 4 types of companies in Greece. The results showed that only HCE (Human Capital Efficiency) which is a component of Intellectual Capital which has a significant relationship with ROE.

Profitability is an appropriate measure in measuring the performance of a bank. One measure of profitability used is Return on Equity (ROE). ROE is used to measure the effectiveness of a company in generating profits by utilizing the equity it has. Return on Equity is a return on yield or equity, the amount of which is stated as a parameter and obtained on investment in the company's ordinary shares for a certain period (Mulyadi, 2006). The higher this ratio, the greater the rate of return given to shareholders. The ROE standard according to PBI No.6 / 10 / PBI / 2004 is 5% - 12.5%. The greater the ROE, the greater the level of profit received by the bank which has an impact on the better the position of the bank in terms of capital management. (Kuncoro and Suhardjono, 2011)

Islamic banking as a financial institution that operates based on sharia principles certainly has different characteristics from other companies in its performance orientation. Therefore, apart from being measured by conventional methods, the performance of Islamic banking must also be measured by methods that are oriented towards sharia objectives. Hameed et. al. (2004) present an alternative financial performance measurement for Islamic banks, namely Islamicity Performance Index. This index aims to determine whether the financial performance of Islamic banking has been carried out by Islamic principles. Research conducted by Ousama and Fatima (2015) states that each major component of intellectual capital affects the performance of Islamic banks with profitability as a measure of its performance, but at varying levels. Falikhatun and Assegaf (2012) researched the implementation of sharia principles and concluded that Islamic banking that has implemented sharia principles can improve financial health and does not cause the financial system to worry or even go bankrupt. Furthermore, Maisaroh (2015) examines the influence of intellectual capital and the Islamic performance index on the profitability of Islamic banking in Indonesia. The results show that intellectual capital and Islamic performance index Simultaneously, it has a significant positive effect on return on assets (ROA).

Profit-Sharing Ratio is one of the main objectives of Islamic banking. Therefore, it is very important to know how far Islamic banking has succeeded in achieving its existence on profit sharing through the profit-sharing ratio (Hameed et. Al., 2004: 18). The profit-sharing ratio is calculated by adding up the financing from the mudharabah and musyarakah contracts which are then compared with the total financing.

Zakat is one of the commands in Islam so it must be one of the objectives of Islamic accounting. Therefore, the performance of Islamic banking must be based on zakat paid by banks to replace conventional performance indicators, namely earnings per share. Bank's wealth should be based on net assets rather than net income emphasized by conventional methods. So that if the bank has high net assets, the higher the zakat that must be paid (Hameed et. Al., 2004: 19).

Equitable Distribution Ratio This shows the distribution of income to stakeholders or Stakeholders. The distribution itself can also be derived from qard expenses plus employee expenses and others then divided by income that has been reduced by zakat and taxes. Distribution Stakeholders show the level of performance of Islamic banking because the greater the distribution to stakeholders, the higher the performance of Islamic banks.

Based on several theoretical considerations that raise the importance of intellectual capital in a company, especially in company development, and also about the existing intellectual capital which is considered important in disclosing financial statements, the researchers get the idea to follow up research with them Intellectual Capital Profit Sharing Ratio, Zakat Performance Ratio, Equitable Distribution Ratio on Profitability at Sharia BPR.

METHODS

This type of research uses a descriptive quantitative approach to analyze the ratios being measured. This method aims to describe the collected data systematically and accurately so that by using this method, it is expected to describe the situation clearly regarding the effect Intellectual Capital Profit Sharing Ratio, Zakat Performance Ratio, Equitable Distribution Ratio against Profitability. The object in this study is the Sharia Rural Bank in the East Java region for 4 years, namely 2015 to 2018. The population used in this study are all Sharia Rural Banks (BPRS), East Java Province which is registered in the Financial Services Authority. (OJK) selected period 2015-2018 with a population of 26 banks. Sample inside this research was selected purposive sampling namely 15 banks. The dependent variable in this study is the ratio Intellectual Capital, Profit Sharing Ratio, Zakat Performance Ratio, Equitable Distribution Ratio. While the independent variable in this study is profitability. Therefore, the model that will be used in this research is $y = \alpha + b_1 x_1 + b_2 x_2 + b_3 x_3 + \cdots + b_n x_n$.

The t-test is used to determine the significant effect of the ratio Intellectual Capital Profit Sharing Ratio, Zakat Performance Ratio, Equitable Distribution Ratio against Profitability. Meanwhile, the F test is used to determine the effect of the ratio simultaneously Intellectual Capital Profit Sharing Ratio, Zakat Performance Ratio, Equitable Distribution Ratio against profitability. And to explain variance profitability proportion by Intellectual Capital Profit Sharing Ratio, Zakat Performance Ratio, Equitable Distribution Ratio the coefficient of determination (R2) is used. The classical assumption test, which consists of normality, autocorrelation, and heteroscedasticity tests were carried out before data analysis was carried out.

RESULTS AND DISCUSSION

The normality test is used to determine whether the data used is normally distributed. In this study, the normal distribution is used in the regression model residuals where the model is said to be good if the residuals of the model are normally distributed and vice versa. Normality test is done by looking normal probability plot on the output SPSS, if the data distribution values are located around a straight diagonal line, the normality requirements are met. The PP Plot graph for the regression equation states that the results of the data normality test show a normal graphic pattern where the points are not far from the diagonal line, this means that the regression model is normally distributed.

Multicollinearity test is used to test whether the regression model found a correlation between the independent variables. Multicollinearity can be seen from the value of tolerance and value variance inflation factor (VIF). Where is said to occur multicollinearity if the VIF value 10? Meanwhile, if the VIF value ≤ 10 means that there is no multicollinearity. The results of the multicollinearity test are presented in the following table:

Table 4.1 Multicollinearity Test Results

No	Variable	Tolerance	VIF	Result
1	IC	0,722	1,385	Multicollinearity free
2	PSR	0,885	1,130	Multicollinearity free
3	ZPR	0,867	1,153	Multicollinearity free
4	EDR	0,736	1,359	Multicollinearity free

Source: Results of Data Processing with SPSS

Based on table 4.1 it can be seen that all independent variables have a VIF value of less than 10 in both regression models. So it can be concluded that there is no multicollinearity between independent variables in the regression model.

The autocorrelation test aims to test whether in a linear regression model there is a correlation between confounding errors in period t and errors in period t-1 (previous). If there is a correlation, it is called autocorrelation. A good regression model is a regression that is free of autocorrelation. Autocorrelation needs to be tested on a regression whose data is time series, or based on periodic times such as monthly, yearly, and so on. Detecting autocorrelation in the regression model can use quantities Durbin-Watson (DW) with the following conditions: a) If du <d <4 - du, then H0 is accepted, meaning that there is no autocorrelation in the regression model, b) If 0 <d <dl or 4 - dl <d <4, then H1 is accepted, meaning that there is autocorrelation in the regression model. c) If dl ≤ d ≤ du or 4 - du ≤ d ≤ 4 - dl, then the test results are conclusive, so it cannot be determined there autocorrelation or not.

Before analyzing the results of the Durbin Watson test, first, determine the lower limit (dl) and upper limit (du). The following table presents dl and du according to the number of research observations:

Table 4.2 Autokoleration

dl	du	4-du	dw	Result
1,4443	1,7274	2,2726	1,670	There is no autocorelition

Source: Results of Data Processing with SPSS

The autocorrelation test result using the Durbin-Watson (DW) test above shows a value of 1.554. It is known that the dU value is 1.7274 and the dL is 1.4443 and the DW value is between the dU limit and the dL or DW <4-dU limit, which is 1.670 <2.2726 so that there is no autocorrelation or free from autocorrelation.

Heteroscedasticity means that the variance of the variables is not the same for all observations. It means that heteroscedasticity is a state where data contains data elements cross-section and have variants that are not the same. To find out whether the data used in the regression model meets the assumption that heteroscedasticity does not occur is to look at the SPSS output at scatterplot dependent variable, if the data distribution values are not clear and the dots spread above and below the number 0 on the Y axis, then heteroscedasticity does not occur. Based on the output scatterplot above, it appears that the points spread and do not form certain patterns clearly. So it can be concluded that there is no heteroscedasticity problem that is the inequality of variance from residuals to observations to other observations.

Mudrajad Kuncoro (2007) states that the t-test is used to determine the effect of the independent variable on the dependent variable partially tested significantly. The following criteria for this test: The level of significance used is 5 percent, in other words, if P (probability)> 0.05 then it is declared insignificant.

Table 4.3 Result t

No	Independent Variable	t	sig	Result
1	IC	3,262	0,003	Take effect
2	PSR	1,317	0,197	No effect
3	ZPR	4,847	0,000	Take effect
4	EDR	1,372	0,179	No effect

Source: Results of Data Processing with SPSS

The results of the t-test on the variables IC, PSR, ZPR, and EDR on ROE have summarized in table 4.3 above. Based on the results of the t-test shows that IC and ZPR have an effect on ROE, this is because the significance values of IC and ZPR are less than 0.05, namely 0.003 and 0.000. Whereas the PSR and EDR ratios have no effect on ROE, this is because the significance value of PSR and EDR is more than 0.05, namely 0.197 and 0.179. H1 Influence Intellectual Capital on Profitability.

The results of the study found that Intellectual Capital affects profitability. This matter indicates that it is getting higher Intellectual Capital, then ROE is increasing. This condition occurs because intellectual capital is increasing, the company has used its capital more effectively to improve human resource capabilities, so that employee performance to generate profits increases. Based on theory resource-based theory, the company will excel in business competition and get good financial performance by using its capital for the benefit of improving human resources, which is one of the company's capital. Intellectual capital is believed to play an important role in increasing company value and financial performance (ROE). These results support the research of Fajarini and Firmansyah (2012), proving that Intellectual Capital has a positive effect on ROE. The higher it is Intellectual Capital, the ROE is increasing. But the results of this study are not in line with the research of Kuryanto and Syafruddin (2008), and Wijayanti (2012) proving that Intellectual Capital has no significant effect on ROE. H2 Influence Profit Sharing Ratio on the Profitability

The Research Results found that Profit Sharing Ratio has no effect on Profitability. In Islamic banking, there are financing products that use a profit-sharing system, namely mudharabah and musyarakah. Profit-sharing is profit-sharing calculated from income after deducting the cost of managing funds, and this sharia system is commonly used by Islamic banks for the distribution of profit-sharing in their business activities. In this study, an increasing Profit Sharing Ratio will cause a decrease in the profitability of Islamic BPRs. This occurs due to several factors because in the profit-sharing system the bank acts as a shahibul maal (owner of funds), where in the event of an accidental loss on the business run by the bank partner (customer) so that the customer's inability to pay principal installments worth the financing which has been received by the bank will bear the losses suffered.

This research is associated with Agency theory, a theory that explains the relationship between Principal and agent, where Principal delegating authority to agents in terms of business management as well as decision making in Islamic banking companies. This is that Islamic banks act as shahibul maal (fund owners) when funds are invested in customers as mudharib (capital managers), they want the customer's financial performance to continue to increase, but based on the unbalanced information held between the bank and the customer, it makes the bank's goal to make a profit. It is hampered because it is possible that the bank does not have much information about the business conditions carried out by the customer, while the customer has more information about the business it is running so that the customer will try to increase his efforts to increase his personal interests by making strategic and technical decisions that can benefit the customer. The Profit Sharing Ratio applied by Islamic banks is likely to create a high risk for

Islamic banks because customers will not always act in the best interests of the bank, such as excessive use of project costs, retaining profits to be distributed to owners of capital, and various frauds that can reduce profit. With a loss in the business being run, it can cause a decrease in the profitability of Islamic commercial banks.

This research states that Profit Sharing Ratio does not have a significant effect on the profitability of Islamic commercial banks, due to the lack of Islamic commercial banks that apply to finance based on a profit-sharing system, so that Islamic commercial banks in channeling funds in the form of financing are still dominated by using the Murabaha contract. In fact, increasing the profit-sharing system in the Islamic banking business will reflect the existence of Islamic banks as companies that run their business according to Islamic principles in the community. In this case the important for Islamic banks to implement a profit-sharing system in running their business. The cooperation contract relationship in this mudharabah contract is usually known as the agency relationship. Therefore, a system like this requires transparency for both parties. If one of the customer parties as the mudarib does not convey transparently about matters relating to the acquisition of results, so that activities can occur adverse selection namely problems that arise in selecting customers who will be given financing, this is due to the difficulty of the bank to know with certainty the criteria that the prospective customer has, the bank may be wrong in assessing the customer criteria. Meanwhile, moral hazard is a problem faced by the bank when the financing has been carried out, there is a risk that the customer may use the funds provided inappropriately, and the possibility that the customer will report the results obtained are not as they should be. In financial transactions, the problem of adverse selection and moral hazard is a problem of asymmetric information. If there are many customers who do not fulfill their obligations, to minimize the risk of loss, it is necessary to increase the professionalism of sharia bank managers, especially in assessing the feasibility of a project/business as well as the character of customers and the importance of monitoring/supervision. In this case, the manager as an agent in the company has more information about the duties and benefits of this information. Every monitoring carried out by the manager will incur costs, if the supervision carried out by the agent is free of charge, it will result in the agent not having spontaneity towards the incentive to maximize output because the effort is costly to the agent and if the agent does not get compensation for these costs, then there is no incentive. to give proper effort so that the agent tends to be negligent and does not complete his job optimally. asymmetric information) thus giving rise to problems principal agent.
H3 Influence Zakat Performance Ratio against Profitability

The results of this study indicate that there is a significant positive effect of the Zakat Performace Ratio on Sharia BPR Profitability. The better the value Zakat Performace Ratio it will further increase the profitability of Islamic BPRs. Company zakat is zakat based on the principles of justice and the results of ijtihad from the fuqaha. The company's zakat obligation is only directed at companies that are owned (at least by the majority) by Muslims. So that this zakat is not directed to company assets that are not owned by Muslims. One of the accounting principles used in the zakat calculation system is the concept of the entity. Recognition of the concept of the entity. Recognition of the concept of an entity means the recognition of the company as syahsyiah al I'tibariyah, where the company is considered compulsory zakat, separate from the zakat obligation of the owners and managers. Zakat is an order of Islamic law, therefore, zakat issued by Islamic banks is the basis for measuring the performance of Islamic banking. Company zakat has a very important position, both from the perspective of Islam and in terms of poverty eradication.

In this research Zakat Performace Ratio significant effect on the profitability of Islamic commercial banks due to the increase in zakat expenditure of Islamic commercial banks with increasing assets and allocating them fairly. The zakat expenditure carried out by Sharia BPRs can improve the image of a sharia commercial bank which exists as a banking company that carries out its operations according to Islamic law. Because of this good corporate image, the public will be more interested in saving funds or choosing financing products in Islamic banks. This can increase third-party funds and financing. With the increase in the number of third party funds and financing, it can increase the assets that will be owned by Islamic banks, so that the profitability of Islamic banks obtained will also increase. Zakat Performace Ratio positive and significant effect on profitability. H4 Influence Equitable Distribution Ratio on the Profitability

The Research Results found that Equitable Distribution Ratio has no effect on Profitability. This study supports research conducted by Kurniawan (2010) and Siti Maisaroh (2015). In his research, Kurniawan (2010) explained that contract financing qard (included in the EDR ratio) is slightly less commercial when compared to other financing contracts. The equalization of income carried out by Islamic banking does not affect financial performance. This is due to other factors that affect financial performance. In addition, the distribution of income is still limited to a number of stakeholders. Based on the income equalization ratio (EDR), the average Islamic banking emphasizes the allocation of income between the main stakeholders, namely employees and the Islamic banking itself. The distribution of income to shareholders and the public is relatively low
This study supports Lisna Wahyu's research stating that the Equitable Distribution Ratio has no effect on the Financial Performance of Islamic Banks, this is because Islamic Banks allocate more of their funds to dividend distribution and employee salary payments compared to allocated to charity funds. This distribution causes customers to assume that Islamic banks prioritize allocating their funds to internal banks, namely shareholders and employees.

This study rejects research from Siti Maisaroh stating that there is a significant positive effect Equitable Distribution Ratio to the Profitability of Islamic Commercial Banks. In this study, Islamic Commercial Banks have distributed the income earned and distributed to stakeholders such as employees, the community, shareholders, and the company itself. This is influenced by the fact that Islamic commercial banks allocate income to employees and Islamic banking themselves so that with Islamic commercial banks prospering employees, employees at these Islamic commercial banks will increase their productivity so that their profitability will increase and are also influenced by investors in investment policies in surrendering their capital, and so investors trust sharia commercial banks to manage their invested funds.

CONCLUSION

Based on the results of testing the hypothesis and referring to the formulation and objectives of this study, the following conclusions can be drawn. The research results found that Intellectual Capital effect Return On Equity (ROE). This shows that it is getting higher Intellectual Capital, then ROE is increasing. This condition occurs because intellectual capital is increasing, the company has used its capital more effectively to improve human resource capabilities, so that employee performance to generate profits increases. The research results found that Profit Sharing Ratio has no effect on Profitability. This shows that an increasing Profit Sharing Ratio will cause a decrease in the profitability of Islamic BPRs. The results of the study found that there was a significant positive effect of Zakat Performace Ratio against Profitability. This means the better the value Zakat Performace Ratio it will further increase the profitability of Islamic BPRs. The research results found that there is Equitable Distribution Ratio has no effect on Profitability. This is due to other factors that affect financial performance. Based on the income equalization ratio (EDR), the average Islamic banking emphasizes the allocation of income between the main stakeholders, namely employees and the Islamic banking itself. The distribution of income to shareholders and the public is relatively low.

The results of this study indicate Intellectual Capital has a significant positive effect on ROE. This has implications for the future so that banks in implementing human resources who manage company capital are competent people who are able to manage capital and maintain investor confidence in the company. Management of Islamic Commercial Banks should not only be oriented towards high-profit sharing financing but the procedure for providing financing must also be considered. Sharia banking management should not only emphasize equal distribution of employees and banks themselves, but also the public and shareholders. For users of financial statements in making decisions to invest, investors can see Intellectual Capital and Islamicity Performance Index which gives an influence on the increase in profitability which is reflected through ROE to see a picture of how the condition of the company can be profitable or not as an investment medium. Because the greater the ROE, the more interested investors will be to invest.

Limitations in this study include this research, there are several limitations, namely the first sample selected was only BPR Syariah, East Java Province. So that it is necessary to expand the sample not only in East Java Province Islamic performance index others are still not being studied. The main reason for not including variables Islamic performance index the other is the lack of access to data, thus, certain elements of interest cannot be investigated. This study only uses a 4 year period. By increasing the observation period, more accurate results will be obtained.

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